Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

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PAGE 01 HALIFA 00013 161715Z

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-02 PRS-01 USIA-15 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

SS-15 NSC-05 /092 W
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R 161630Z JAN 75
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TO SECSTATE WASHDC 935
INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0013

E O 11652: N/A

TAGS: PINT, ECON, CA

SUBJECT: PRESS INTERVIEWS ROBERT STANFIELD, FEDERAL OPPOSITION LEADER, IN HALIFAX, ON ECONOMIC SITUATION

1. IN AN INTERVIEW ON JANUARY 15, 1975 WITH LOCAL PRESS WHICH ALSO PRESENTED ON LOCAL CBC TELEVISION, PROGRESSIVE CONSERVATIVE OPPOSITION LEADER STANFIELD SAID THAT CANADA FACES SERIOUS PROBLEM IN MAINTAINING EMPLOYMENT LEVELS IN THE FACE OF A WORLD-WIDE ECONOMIC SLOW-DOWN. HE SAID EMPLOYMENT PROBLEM WOULD BE COMPLICATED BY CONTINUING INFLATION BROUGHT ON CHIEFLY BY INCREASES IN THE COST OF GOODS AND SERVICES.

2. STANFIELD SAID GOVERNMENT HAS FAILED TO TAKE ANY INITIATIVE IN CURBING THE RATE OF INFLATION. STATISTICS RELEASED JAN 15 SHOWED CONSUMER PRICE INDEX JUMPED ANOTHER PERCENTAGE POINT IN DECEMBER -- A 12.4 PERCENT HIKE OVER SAME PERIOD IN 1973.
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PAGE 02 HALIFA 00013 161715Z

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

3. FEDERAL GOVERNMENT ACCORDING TO STANFIELD SEEMS
TO HOPE INFLATION WILL JUST GO AWAY. HOWEVER PRICES
HAVE CONTINUED TO RISE AND HAVE LED TO UNEMPLOYMENT
IN INDUSTRIES WHERE DEMAND FOR PRODUCTS HAS FALLEN IN
FACE OF THESE HIGHER PRICES.

4. STANFIELD SAID GOVERNMENT HAS ENCOURAGED PUBLIC
TO BELIEVE THAT INFLATION IS INEVITABLE AND OUT OF
CONTROL OF ELECTED AUTHORITIES. GREATEST CAUSE OF
INFLATION TOUTED BY GOVERNMENT HAS BEEN IMPACT OF
FACTORS OUTSIDE THE COUNTRY. STANFIELD AVERRED HOWEVER
THAT IN 1975 MOST ECONOMISTS BELIEVE THAT THE SINGLE
GREATEST CAUSE OF INFLATION WILL COME FROM WITHIN
THE COUNTRY. INSTEAD OF INFLATION FED BY EXCESSIVE
DEMAND, THE COST OF LIVING WILL CONTINUE
TO RISE BECAUSE OF INCREASES IN THE COST OF PRODUCING
GOODS ESPECIALLY FUEL COSTS AND TRANSPORTATION CHARGES..

5. THE OPPOSITION LEADER SAID THE DWINDLING IMPORTANCE
OF OUTSIDE FACTORS ON THE LEVEL OF INFLATION WILL
PROVIDE GREATER JUSTIFICATION FOR SOME FORM OF CANADIAN
INCOMES POLICY -- NOT HOWEVER ONE IN THE SAME TERMS
PUT FORWARD BY THE CONSERVATIVE PARTY PRIOR TO THE LAST
FEDERAL ELECTION. STANFIELD NOTED THAT FINANCE MINISTER
TURNER HAS TALKED IN GENERAL TERMS ABOUT AN INCOMES
POLICY WHEN HE SUGGESTED NEED FOR SUMMIT MEETING OF
VARIOUS UNITS MAKING UP CANADIAN ECONOMY-LABOR,
INDUSTRY AND GOVERNMENT. HOWEVER GOVERNMENT HAS NOT FOLLOWED THROUGH
ON THIS SUGGESTION. AS RESULT THERE HAS BEEN NO
DISCUSSION OF HOW EACH SECTOR WOULD FIT
INTO THE PICTURE.

6. STANFIELD SAID HE WOULD QUOTE HATE TO THINK THAT THE
GOVERNMENT IS WAITING FOR A RECESSION TO HELP CURB
INFLATION. ALL WE WILL GET IS MASSIVE UNEMPLOYMENT
UNQUOTE.

7. ACCORDING TO STANFIELD IT IS LIKELY THAT CANADA
CAN AVOID A MAJOR RECESSION BECAUSE OF ITS WEALTH OF
NATURAL RESOURCES. MANBEY
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PAGE 03 HALIFA 00013 161715Z

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

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